

COMMISSIONER KENNEDY PROPOSED AMENDMENT NO. 1

DATE PREPARED: November 16, 2022

COMPANY: Arizona Corporation Commission

DOCKET NO.: E-00000A-22-0103

OPEN MEETING DATE: November 17, 2022

Purpose: An estimated 77% of households are ineligible for rooftop solar due to low credit scores, shading, roof condition or configuration, or because they live in an apartment or rent their home.¹ This excludes many low-and-middle income ratepayers from participation.

Community solar allows all retail customers the opportunity to subscribe to a portion of a shared off-site solar array and receive direct benefits on monthly bills in a similar manner as an on-site rooftop system. The larger “community scale” of projects interconnected to the local distribution grid allows for economies of scale not possible on rooftops while capturing many of the benefits of locally produced power such as reduced line loss, utilization of existing infrastructure without transmission construction, and the resilience of dispersed generation as compared to centralized generators where a single failure risks regional grid collapse.

This amendment adopts the bulk of the Solar Coalition’s community solar proposal, but makes the following important changes and additions:

- Adopts the APS proposal for a bill credit rate equal to today’s calculated Resource Comparison Proxy (RCP) rate of \$5.4 cents per kilowatt-hour (\$0.054/kWh).
- Introduces bill credit rate “adders” for projects that achieve greater levels of Low-to-Moderate Income (LMI) subscription.
- Reduces the annual program capacity cap to 250 MW-ac to avoid a boom-bust in program growth.
- Limits the annual capacity a single Subscriber Organization can consume to 25% of the annual available capacity.
- To avoid program “run-away” but to also attract long term investment, adds an ongoing-total multiyear program cap of 2,500 MW rather than determining a set time for the program to end. This along with other elements of the amendment eliminates the need for a stability period and an ongoing “value of community solar” proceeding.
- Includes the Commission as having an important role protecting consumers in the program.
- Adds additional program details as “Attachment A” rather than referencing the docket.

¹ GTM Research/Wood Mackenzie, U.S. Community Solar Outlook

**** Make all conforming changes**

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Page 10,

DELETE:

Lines 7 through Page 12, Line 4

Page 10, Line 7,

INSERT:

“COMMISSION ANALYSES AND RECOMMENDATIONS

34. We find that many aspects of the APS Proposal as described herein are deficient and do not advance the implementation of a competitive community solar program in keeping with our direction in Decision 78583.

COMMUNITY SOLAR PROGRAM REQUIREMENTS

35. A coalition of solar and storage industry partners (the “Solar Coalition”) filed a proposal containing details on program parameters, such as the bill credit rate, program size, consumer protections, bill credit term, and low- income customer prioritization, among other items. The Solar Coalition’s program proposal was filed on August 26, 2022, supplemented with a bill credit rate proposal filed on September 9, 2022, and further expanded on in a response to the APS Proposal filed on October 7, 2022.

Bill Credit Rate

36. On August 26, 2022, the Solar Coalition filed a study conducted by The Brattle Group that supports the Solar Coalition’s bill credit rate proposal ("Brattle Study"). The Brattle Study values the grid benefits of a distribution system-connected asset on APS's system based on information readily available, at a rate of 9.683 cents per kilowatt-hour (\$0.09683/kWh), accounting for avoided generation, transmission, distribution, and emissions. The Brattle Study demonstrates

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that the value of community solar projects connected to the distribution system in APS territory is at least as high as the current Resource Comparison Proxy (RCP) value of 8.465 cents per kilowatt-hour (\$0.08465/kWh).

37. Decision No. 78583 directed the Commission to design an APS community solar program that offers direct bill offsets for subscribers that “produce savings in a structure substantially similar to that offered to rooftop solar customers, eliminating the need for incentives” and that the “value proposition for subscribers should be similar to those participating in onsite generation.” The Solar Coalition stated in its November 4, 2022 filing that the “bulk of the value proposition for rooftop customers is compensation that directly offsets on-site usage, which occurs at the full retail rate (an average of 11.71 cents/kWh in 2021).”

38. The Solar Coalition bill credit rate proposal filed on September 9, 2022, put forward 8.465 cents per kilowatt-hour (\$0.08465/kWh) as the bill credit rate for a five (5) year stability period. During the stability period the Solar Coalition proposes the Commission further study the value of community solar. The Solar Coalition filed a chart which contains bill credit rates in robust community solar programs in other jurisdictions. The 8.465 cents per kilowatt-hour (\$0.08465/kWh) bill credit rate proposed by the Solar Coalition for the APS community solar program is the lowest such rate as compared to other programs in states across the nation.

39. As described in APS’s community solar proposal filed on September 23, 2022, the Commission’s “Value and Cost of Distributed Generation” proceeding culminated in Decision No. 75859 that established the RCP methodology used today for the valuation of exported energy from distributed generation. We adopt APS’s proposal and set the bill credit rate at the calculated RCP rate of 5.4 cents per kilowatt-hour (\$0.054/kWh). To promote program certainty and stability, this rate shall be decoupled from the annual RCP update and remain constant.

Bill Credit Rate Adder

40. Successful community solar programs ensure substantial participation of customers not otherwise able to participate in solar energy due to economic means. The Solar Coalition proposed a twenty (20) percent capacity carveout per Community Solar Facility² for Low-to-

² “Community Solar Facility” along with other terms are defined in Attachment A.

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Moderate (LMI) Subscribers. We find a twenty (20) percent capacity minimum per Community Solar Facility for LMI Subscribers and/or Low-Income Service Providers is reasonable and adopt it. In order to further incentivize the participation of LMI Subscribers, the Commission finds that a Bill Credit Rate Adder of 1 cent per kilowatt-hour (\$0.01/kWh) shall be applied for all generation from any Community Solar Facility that achieves at least twenty-five (25) percent capacity subscribed by LMI Subscribers and/or Low-Income Service Providers. An additional Bill Credit Rate Adder of another 1 cent per kilowatt-hour (\$0.01/kWh) shall be applied to any Community Solar Facility that achieves at least thirty-five (35) percent capacity subscribed by LMI Subscribers and/or Low-Income Service Providers.³

Program Size

41. The Solar Coalition proposed an annual capacity cap of four hundred (400) megawatts (MW) alternating current (AC), which equates to approximately four (4) percent of APS's total current annual retail sales, each year for a five (5) year stability period. The Solar Coalition proposed that this annual capacity be adjusted to account for the net percentage change in APS's trailing three-year average retail sales, plus any unused capacity from the previous year's cap. Rolling-over unused capacity to the following year is reasonable to prevent APS from delaying Community Solar Facility interconnection review, and is adopted. The roll-over shall include unused capacity from any prior year. We find a calculation of trailing three-year averages adds unnecessary complexity and uncertainty and we do not adopt this aspect of the Solar Coalition proposal. To avoid a boom-and-bust dynamic of Community Solar Facility construction, we find a more gradual approach to program buildout is in the public interest as compared to the Solar Coalition Proposal. We adopt an annual capacity cap of two hundred and fifty (250) megawatts (MW) alternating current (AC) plus any unused capacity from any previous year's cap. No single Subscriber Organization or Affiliated Entity shall be allowed to consume more than 25% of the annual capacity cap, and this calculation shall include any rollover of unused capacity from previous years. To provide further constraint on program size, we also adopt a Cumulative Program Cap, serving as a running multiyear program capacity cap of two thousand, five hundred (2,500) megawatts (MW) alternating current (AC).

³ "Subscriber Organization," "Low-to-Moderate Income (LMI) Subscribers" and "Low-Income Service Providers" along with other terms are defined in Attachment A.

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Program Duration and Cumulative Program Cap

42. As described above, the Solar Coalition proposed a five (5) year stability period. Decision No. 78583 directed that the program be designed to attract “long-term private sector investment” in APS territory. To avoid repelling private sector investment, we decline to adopt a set time endpoint and instead adopt a total multiyear program size cap or maximum⁴ of two thousand, five hundred (2,500) megawatts (MW) alternating current (AC) described above. We also decline to commit the Commission to an ongoing value of community solar proceeding which may also repel investment.

Bill Credit Term

43. The Solar Coalition provided robust information detailing why a bill credit term of sufficient length is necessary to finance and develop Community Solar Facilities. The Solar Coalition proposal of a bill credit term of twenty-five (25) years is reasonable, aligned with industry standards, and is adopted.

Low-to-Moderate Income (LMI) Subscribers

44. The Commission supports prioritization for LMI customers participating in the community solar program.

45. The program should not establish onerous and arbitrary barriers to LMI participation. Subscribers eligible for the LMI capacity carveout may qualify as such based on their participation in any of the following programs: Medicaid, Supplemental Nutrition Assistance Program ("SNAP"), Low-Income Home Energy Assistance Program ("LIHEAP"), first-time homeowner programs, housing rehabilitation programs, buying in a LMI or affordable housing facility (including a facility that is master-metered), state and federal income tax credit programs based on income, any utility LMI assistance programs, and any other state or federal low-income assistance program. Further, self-attestation is the most accessible and least burdensome means by which LMI subscribers can participate in, and receive the benefits of, programs such as

⁴ See definition of “Cumulative Program Cap” in Attachment A.

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community solar. Without self-attestation, participation by these subscribers will be much lower, resulting in fewer benefits accruing to those customers. As such, we find that self-attestation will be a permitted means of verifying LMI status. Finally, LMI subscribers may also be verified as eligible for the LMI capacity carveout if the residence is located in a census block group in which seventy (70) percent or more of the households earn less than eighty (80) percent of the Area Median Income, as determined by data from the U.S. Department of Housing and Urban Development. LMI Subscribers and Low-Income Service Providers are further defined in Attachment A.

Community Solar Facility Interconnection and Size

46. Only Community Solar Facilities connected to the distribution system will be permitted to participate in APS's community solar program. The fundamental value proposition of community solar includes locally sited projects and delivering benefits and electricity locally, which advantages all ratepayers through diversification of generation resources. Community solar projects are not utility-scale projects connected to the transmission system.

47. The Solar Coalition program proposal contains a per-Community Solar Facility size limit of no greater than twenty (20) MW AC, consistent with Commission Decision 78583. This Community Solar Facility size proposal is reasonable and is adopted.

Community Solar Facility Project Selection

48. Community Solar Facilities will be selected into the program on a first-come, first-served basis up to the annual capacity cap, the Cumulative Program Cap, and the per-Subscriber Organization cap, as adopted herein. There is no need for a Request for Proposal process as the Commission has established the maximum program size as well as the compensation mechanism and value. The use of a Request for Proposal would complicate the program, be costly for utilities and developers, and delay the implementation of the program, thus delaying benefits to subscribers and economic development opportunities for Arizona. The Commission adopts The Solar Coalition's proposed standard offer, first-come, first-served program structure and project maturity requirements.

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Curtailment

49. Community Solar Facilities will be subject to curtailment for emergency reliability or safety purposes only. Community Solar Facilities will not be subject to economic curtailment as suggested by APS. Without predictable certainty regarding if and when Community Solar Facilities will be producing energy, it will be all but impossible for developers to secure financing to develop and build community solar facilities. The Solar Coalition has stated that they are not aware of any community solar program anywhere else in the country that currently allows for curtailment by the utility in the manner proposed by APS. APS does not curtail rooftop solar production for economic purposes and APS appropriately manages the totality of resources on its system in order to provide cost-effective and reliable power to customers.

Integrated Resource Planning ("IRP")

50. The IRP process will not be used to determine available community solar program capacity. APS can reasonably account for community solar project capacity in long-term resource planning via the annual capacity allotment established herein. APS does not limit the installation of rooftop solar based on IRP proceedings and APS has over 1,200 MW of rooftop solar on its system. APS has shown that it can model projected capacity from resources such as rooftop solar. As such, a known community solar program cap, as adopted herein, will provide APS with the data needed to effectively perform its IRP modeling and reliability planning.

Customer Eligibility

51. The Commission agrees with the Solar Coalition recommendation that eligible customers include APS customers that belong to a residential, extra-small commercial, or small commercial rate class, or, regardless of rate class, are non-profits of any kind such as academic institutions, houses of worship, or municipal customers, consistent with Decision 75853. This will allow for the benefits of the community solar program, including bill credits, to extend to a broad range of customers, while still achieving prioritization of LMI customers.

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Community Solar Facility Ownership

52. The Solar Coalition proposed that APS be limited to owning community solar facilities whose aggregate nameplate capacity does not exceed five (5) percent of the annual capacity cap, with the inclusion of certain protections that must be in place to protect advantages the utility has in securing program capacity. APS's proposal does not contain any parameters or limits on the amount of program capacity that it could own. The Commission finds that APS should not be permitted to own any Community Solar Facilities as APS is free to propose new utility-scale customer programs at any time. The Commission values the transfer of cost and risk of owning assets from utility customers to private developers. This determination also eliminates the complexity of establishing rules to prevent anti-competitive behavior by APS, who has numerous unfair advantages if competing head-to-head with competitive providers.

Disconnection Moratorium

53. The Commission wishes to address how the disconnection moratorium interfaces with community solar subscriptions for customers that are unable to fully pay their electric bill. The Commission adopts the following solution for initial implementation of the program under dual billing whereby community solar subscriber organizations bill customers for subscription fees and APS provides the bill credit. A customer who is participating in the community solar program who falls into arrears on their bill from the community solar subscriber organization during a period of the utility disconnection moratorium will not be removed from the community solar program by the Subscriber Organization. APS will continue to provide community solar bill credits to said subscriber during this period. The Subscriber Organization will track any subscription fees that are not paid by said subscriber during the moratorium and invoice the utility monthly for reimbursement. Consistent with how the utility handles uncollectible expenses in its normal course of business, APS shall track the amounts invoiced by the community solar Subscriber Organization as well as the bill credits provided to the customer subject to the moratorium and include such amounts in a rate recovery mechanism to be applied to the full residential customer base. Following the disconnection moratorium period, if a community solar subscriber continues to be in arrears with the Subscriber Organization, the subscriber will be removed from the program after the required notice. The Commission finds that this process to address subscription management during the utility disconnection moratorium is an important and reasonable consumer protection that will balance the interest of customers,

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the utility, and Subscriber Organizations.

54. Within twelve (12) months of the establishment of the community solar program, APS shall establish utility consolidated billing, whereby APS will add the monthly Subscription charge to the utility bill of community solar Subscribers and remit payment received for those charges to the appropriate Subscriber Organization. At the same time APS implements a consolidated billing system whereby APS bills for both the community solar subscription fee and provides the bill credit, additional mechanics must be addressed during the utility disconnection moratorium. Once utility consolidated billing is in effect, APS must continue to apply bill credits to customer bills and will continue to remit payment to Subscriber Organizations. APS will be permitted to recover the cost of any unpaid bill credits during the disconnection moratorium.

Approval of Subscription Rates and Marketing Materials

55. Both APS and the Solar Coalition have recommended that subscription fees be set at no greater than ninety (90) percent of the Commission-approved bill credit rate to guarantee savings to subscribers. The Commission approves this cap on subscription fees as reasonable and no additional approval of subscription fees by the Commission is required.

56. Subscriber Organizations must comply with the consumer protections approved by the Commission, including providing at least ten (10) percent bill credit savings to subscribers, requiring that subscribers are not subject to early termination fees, requiring that subscribers shall not be required to provide more than thirty (30) days notice of termination, and requiring that subscribers shall not be charged subscription fees until after they have started receiving bill credits from their utility. Further, Subscriber Organizations must maintain fair and truthful marketing and advertising practices that comply with Arizona law.

Subscription Size

57. The Commission approves the Solar Coalition and APS proposal that subscriptions shall be sized at no more than one hundred (100) percent of a subscriber's historical usage.

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Unsubscribed Energy

58. The Commission approves the Solar Coalition and APS proposal that unsubscribed energy is purchased at the applicable avoided cost rate for Qualifying Facilities.

Utility Cost Recovery

59. The Commission approves the Solar Coalition and APS proposal that cost recovery is provided to APS through the Renewable Energy Adjustment Charge (REAC).

Public Service Companies

60. The Commission approves the Solar Coalition and APS proposal that community solar Subscriber Organizations are not Public Service Companies.

Rate Case

61. The Commission approves the Solar Coalition and APS proposal that the Commission has authority to approve a community solar program outside of a rate case.

Securities Laws

62. The Commission approves the Solar Coalition and APS proposal that community solar subscriptions under the program adopted herein and the Solar Coalition's program proposal are not subject to securities laws.

Consumer Protections and Disputes

63. The Commission approves the Solar Coalition and APS proposal that complaints by subscribers against Subscriber Organizations should first be submitted to the Subscriber Organization for resolution. If a dispute is not resolved, subscribers should submit their complaint to APS for informal resolution, who shall work with the Subscriber Organization to resolve the issue. Subscribers who are unable to receive resolution through these venues can seek

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assistance from the Commission. APS may, in its discretion, refer serious issues to the Attorney General to pursue enforcement proceedings.

Biannual Report

64. Every six months APS shall deliver a report ("Biannual Report") as a compliance filing, providing the following program updates:

- I. Updated annual program capacity consumed and available.
- II. Updated cumulative program capacity consumed and available.
- III. Program capacity subscribed by LMI Subscribers and Low-Income Service Providers.
- IV. Total megawatts (MW) alternating current (AC) installed and operating.
- V. Total megawatts (MW) alternating current (AC) under construction.
- VI. Total megawatts (MW) alternating current (AC) under interconnection review, the average timelines for interconnection review approval, and the average all-in total fees and upgrade costs charged by APS to Subscriber Organizations.

Renewable Energy Adjustment Charge ("REAC")

65. We find that APS's proposal that any program costs be recovered through the REAC on all customer bills, including the bills of participating and non-participating customers, to be reasonable and we adopt it.

Remaining Program Details

66. Program details not specifically addressed herein above shall be governed by Attachment A to this Decision.

Page 12, Lines 10 through 11,

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Conclusions of Law No. 3.

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REPLACE with:

"The Arizona Corporation Commission, having reviewed the entirety of the record in this docket, concludes that it is in the public interest to implement a community solar program in the APS service territory as discussed herein."

Page 13,

DELETE:

Lines 2 through 4

REPLACE with:

"IT IS THEREFORE ORDERED that the community solar program as described herein is hereby approved for Arizona Public Service Company."

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Arizona Public Service Company - Community Solar Program Details

1. Definitions

- A. Affiliated Entity:** An entity directly or indirectly controlling or controlled by, or under direct or indirect common control or ownership with, another entity. As used herein, the terms “control,” “controlled by,” and “under direct or indirect common control with” shall mean the power to direct the management policies of such entity whether through ownership of voting securities or by contract, or otherwise.
- B. Bill Credit Rate:** The dollar-per-kilowatt-hour rate that is used to determine a Subscriber's Community Solar Bill Credit.
- C. Bill Credit Rate Adder:** 1 cent per kilowatt-hour (\$0.01/kWh) shall be applied to all generation output from any Community Solar Facility that achieves at least twenty-five (25) percent capacity subscribed by Low-to-Moderate Income (LMI) Subscribers. An additional Bill Credit Rate Adder of another 1 cent per kilowatt-hour (\$0.01/kWh) shall be applied to any Community Solar Facility that achieves at least thirty-five (35) percent capacity subscribed by LMI Subscribers.
- D. Community Solar Bill Credit:** The monetary value (in dollars) of the electricity and other grid services generated by a Community Solar Facility that appears as an offset on a Subscriber's utility electricity bill.
- E. Community Solar Facility:** A facility that generates electricity by means of a solar photovoltaic device or a solar photovoltaic device paired with energy storage and that generates Bill Credits for each Subscriber proportional to the Subscriber's share of the facility's output on a monthly basis. A Community Solar Facility must comply with the following requirements:
 - i. **Size:** Nameplate capacity shall not exceed twenty (20) megawatts alternating current (AC).
 - ii. **Location**
 - a. The facility must interconnect to distribution facilities owned or operated by APS.
 - b. The facility may be co-located with other energy resources.
 - c. The facility may be co-located with other Community Solar Facilities on the same parcel of land, but their aggregate total nameplate capacity may not exceed twenty (20) megawatts alternating current (AC).
 - iii. **Subscriptions**
 - a. A single Subscriber must not be allocated more than forty (40) percent of the generating capacity of the facility.

- b. At least twenty (20) percent of the capacity of a Community Solar Facility must be subscribed in Subscriptions of twenty-five (25) kilowatts (kW) or less.
 - c. At least twenty (20) percent of the capacity of each Community Solar Facility must be set aside for subscriptions by LMI Subscribers and/or Low-Income Service Providers.
- F. Cumulative Program Cap:** The maximum program capacity allowed as measured in an ongoing, multiyear running total of installed capacity under the APS community solar program, set at 2,500 megawatts (MW) alternating current (AC).
- G. Low-to-Moderate Income (LMI):** Having annual household income at or below 80% of Area Median Income or meeting any of the qualifying criteria for eligibility described in Section 11.
- H. Low-Income Service Provider:** An organization whose primary purpose is to serve LMI individuals and households or other Low-Income Service Providers.
- I. Non-Ministerial Permit:** Any permit that is issued or denied after one or more officials or agencies considers various factors and exercises discretion in deciding whether requirements for the permit have been met. Examples include conditional use permits, variances, and special orders.
- J. Subscriber:** A retail customer of APS that:
 - i. Has purchased a Subscription to a portion of the output of a Community Solar Facility; and
 - ii. Either:
 - a. Belongs to a residential, extra-small commercial, or small commercial rate class; or
 - b. Operates as a non-profit of any kind.
- K. Subscriber Organization:** A for-profit entity, non-profit entity, individual, group of individuals, or any combination of the foregoing that owns or operates a Community Solar Facility. A Subscriber Organization shall not be considered a utility solely as a result of its ownership or operation of a Community Solar Facility. An Electric utility is not eligible to be a Subscriber Organization within this program.
- L. Subscription:** A contract or other agreement between a Subscriber and a Subscriber Organization that allows a Subscriber to receive Bill Credits from the utility in exchange for the utility receiving the generation from the Subscriber Organization's Community Solar Facility. A Subscription to a Community Solar Facility shall comply with the following requirements:

- i. A Subscription shall be:
 - a. Sized such that the anticipated production from the capacity subscribed does not exceed 100% of the Subscriber's historic annual average electricity consumption;
 - b. Portable, such that a Subscriber may retain a Subscription upon moving to a new address within the same qualifying utility service territory;
 - c. Transferable, such that a Subscriber may assign or sell a Subscription to another eligible utility retail customer located within the same qualifying utility service territory;
- ii. A Subscription fee shall be equal to no more than ninety (90) percent of the value of the Bill Credit Rate, unless a higher fee is agreed to by all Subscribers of a Community Solar Facility.
- iii. A Subscriber shall not be charged a Subscription fee until after the Subscriber has started receiving Bill Credits from the utility.
- iv. A Subscriber shall have the right to terminate the Subscription at any point, upon notice.
- v. A residential Subscriber shall not be charged an early termination fee and shall not be required to provide notice more than thirty (30) days before termination.

M. Unsubscribed Energy: Electricity, measured in kilowatt-hours, produced by a Community Solar Facility that is not allocated to a Subscriber.

2. **Bill Crediting.**

- A.** A Customer may subscribe to a portion of a Community Solar Facility and an electric utility shall provide Bill Credits to each such Subscriber for electricity and other grid services generated by the Community Solar Facility and delivered to the utility for not less than twenty-five (25) years from the date the Community Solar Facility is first placed into operation.
- B.** APS shall continue to bill each Subscriber for the Subscriber's electricity consumption, and all applicable terms and conditions of the Subscriber's APS service shall continue to apply. A subscriber shall remain on the applicable rate schedule under which service was received from APS at the time of the Subscription.
- C.** In administering Community Solar Bill Credits, APS shall:
 - i. Apply the appropriate Community Solar Bill Credit to each Subscriber's bill within one billing cycle following the cycle during

- which the electricity was generated and delivered to APS; and
- ii. Carry over any amount of a Community Solar Bill Credit that exceeds the Subscriber's monthly bill and apply it to the Subscriber's next monthly bill unless and until the Subscriber terminates service with the qualifying utility.
- D.** If a Subscriber terminates electric service with the qualifying utility, the utility shall issue a check to the Subscriber for the value of any accumulated and unused Community Solar Bill Credits within thirty (30) days of termination.
- E.** Within twelve (12) months of the establishment of the community solar program, APS shall establish consolidated billing, whereby APS will add the monthly Subscription charge to the utility bill of each Subscriber and remit the payment received for the charge to the appropriate Subscriber Organization.

3. Data sharing.

- A.** Prior to commercial operation of a Community Solar Facility, a Subscriber Organization shall provide the utility with a Subscriber list indicating the percentage of the Community Solar Facility's generation attributable to each Subscriber. The Subscriber Organization shall update its list of Subscribers on a monthly basis to ensure that the list of Subscribers and percentage attributed to each Subscriber are accurate.
- B.** Prior to commercial operation of a Community Solar Facility, the Subscriber Organization shall report to the Commission the percentage of capacity that has been subscribed by LMI Subscribers and whether it meets the LMI Subscriber minimum of twenty (20) percent per Community Solar Facility. The Subscriber Organization shall have one (1) year following the date of commercial operation to demonstrate compliance with the twenty (20) percent LMI Subscriber minimum per Community Solar Facility.
- C.** Each Subscriber Organization shall, every six months, file a report with the utility that includes the following information:
- i. Total number of Subscribers and the number of kilowatts represented by each Subscription;
 - ii. Total number of LMI Subscribers and the number of kilowatts represented by each LMI Subscription;
 - iii. Total number of Low-Income Service Provider Subscribers and the number of kilowatts represented by each Low-Income Service Provider's Subscription; and
 - iv. Total output (in kWh) delivered to qualifying LMI and/or Low-Income Service Provider Subscribers.

These reports shall inform the Biannual Report APS is required to file, as described above.

- D.** Based on the semi-annual reports, APS shall maintain a list of active Subscriber Organizations, including the number of LMI Subscribers for each Subscriber Organization.
 - E.** Each Subscriber Organization shall retain a record of all disclosure forms, LMI Subscriber confirmation of eligibility, and Subscriber allocation lists for a period of at least three (3) years. Each Subscriber Organization shall retain copies of Subscriber contracts for a period of at least one (1) year from the date of their expiration. Each of these documents must be made available within one (1) week of the request by the Commission or Commission Staff.
4. **Transfer of power.** Upon commercial operation, a Community Solar Facility's output shall be delivered to the APS distribution system, and APS shall take title to all output.
5. **Interconnection of community solar facilities.**
- A.** The Community Solar Facility must be interconnected to a APS's distribution system.
 - B.** Within eighteen (18) months of the establishment of the community solar program, APS shall publish a distributed generation hosting capacity map. The information on this hosting capacity map shall include, at a minimum:
 - i. Locations of APS distribution circuits, substations, sub-transmission systems.
 - ii. Results of hosting capacity analysis quantifying the maximum amount of power than can be injected to, and drawn from, the distribution system requiring minimal to no distribution upgrades or operational restrictions.
 - iii. Current, queued, and total distributed generation interconnection amounts.
 - iv. Downloadable datasets.
 - v. Information to provide at the circuit segment level:
 - a. Segment identification
 - b. Node identification
 - c. Integration capacity (MW)
 - d. Date the data was last updated
 - vi. Information to provide at the circuit level:
 - a. Circuit name
 - b. Circuit voltage (kV)
 - c. Substation name
 - d. System name
 - e. Existing generation (MW)

- f. Queued generation (MW)
 - g. Total generation (MW)
 - h. Customer type breakdown on a selected circuit
 - i. Date the data was last updated
- vii. Information to provide at the substation level:
 - a. Substation name
 - b. Substation identification
 - c. System name
 - d. Existing generation (MW)
 - e. Queued generation (MW)
 - f. Remaining available generation (MW)
 - g. Total generation (MW)
 - h. Date the data was last updated
- viii. Data on the hosting capacity map shall be updated by APS at least once every three (3) months.

C. APS is encouraged to model their hosting capacity map off New York's Hosting Capacity Map.

D. Within thirty (30) days of Commission approval of the community solar program, APS shall convene a working group of interested stakeholders, including Community Solar Subscriber Organizations, to discuss interconnection cost sharing. Within six months of the first interconnection cost sharing working group meeting, the working group shall file an interconnection cost sharing proposal with the Commission for approval.

6. Program structure.

- A.** Allocation of the program capacity shall be awarded on a first-come first-serve basis to Subscriber Organizations that can demonstrate:
 - i. Proof of legally binding site control.
 - ii. An executed interconnection agreement with the utility.
 - iii. Evidence of having obtained all necessary Non-Ministerial Permits.
 - iv. Payment of an at-risk Community Solar Facility deposit of \$7,500/MW alternating current (AC), to be payable in a letter of credit or cash. This security deposit shall be refunded to the Subscriber Organization upon completion of commercial operation and demonstration that the LMI Subscription requirement has been met. Subscriber Organizations that are either nonprofits or individuals are exempt from this requirement. This deposit shall be promptly refunded to any Community Solar Facility not accepted to the program.
 - v. APS shall notify a Subscriber Organization whether its Community Solar Facility has been awarded capacity in the program within thirty (30) days of its application submission.

7. **Program applications.** APS shall begin taking applications for the program on or before six (6) months following the Commission approval of this program.
8. **Renewable Energy Certificates (RECs) belong to the Subscriber Organization.** Any RECs created from a Community Solar Facility's production of electricity are the property of the Subscriber Organization. The Subscriber Organization may sell, accumulate, retire, or distribute to Subscribers the Subscriber Organization's RECs.
9. **Unsubscribed energy.** If a Community Solar Facility is not fully subscribed in a given month, the Unsubscribed Energy may be rolled forward on the Community Solar Facility account for up to one year from its month of generation and allocated by the Subscriber Organization to Subscribers at any time during that period. At the end of that period, any undistributed Bill Credit shall be removed, and the Unsubscribed Energy shall be purchased by APS at its applicable avoided cost of energy rate as approved by the Commission.
10. **Cost Allocation.** APS may propose to recover the incremental administrative costs attributable to running this community solar program within the Renewable Energy Adjustment Charge (REAC). Any incremental administrative costs proposed for recovery by APS must be sustained with data and an analysis by the Commission shall verify the amount needed for these costs. APS shall require distribution system upgrade costs directly attributable to each Community Solar Facility be paid by the applicable Subscriber Organization, within existing APS interconnection procedures.
11. **Minimize the burden of income verification.**
 - A. LMI Subscribers eligible for the LMI capacity carveout may qualify as such based on their participation in any of the following programs:
 - i. Medicaid
 - ii. Supplemental Nutrition Assistance Program (SNAP)
 - iii. Low-Income Home Energy Assistance Program (LIHEAP)
 - iv. First-time homeowner programs and housing rehabilitation programs
 - v. Living in a LMI or affordable housing facility, including a facility that is master-metered
 - vi. State and federal income tax credit programs
 - vii. Any utility LMI assistance programs
 - viii. Any other state or federal LMI assistance program
 - B. LMI Subscribers may be eligible for the capacity carveout by signing a self-attestation that the customer's income and household size qualify the customer as a LMI Subscriber.

- C. LMI Subscribers may also be eligible for the capacity carveout if the residence is located in a census block group in which seventy (70) percent or more of the households earn less than eighty (80) percent of the Area Median Income, as determined by data from the U.S. Department of Housing and Urban Development.
- D. LMI Service Providers shall be subject to verification as such by APS.

12. Consumer protection standards.

A. Subscriber protections

- i. Enrollment: A Subscriber Organization shall not use credit checks as a means to establish the eligibility of a residential customer to become a Subscriber.
- ii. Within sixty (60) days of program approval by the Commission, APS and/or any interested party(ies) may submit to Commission Utilities Division staff draft standard disclosure form(s) for consideration, in both English and Spanish, and when appropriate, native or indigenous languages, to ensure fair disclosure of future costs and benefits of Subscriptions, key contract terms, and other relevant but reasonable information pertaining to the Subscription, as well as grievance and enforcement procedures. Commission Utilities Division Staff shall conduct an administrative review of the proposed forms and ensure a form acceptable to Utilities Division Staff is utilized and update the Commission in a docketed memo after a form is established. The key contract terms to be disclosed on the form are Subscription Size (kW DC), Estimated Contract Effective Date, Contract Term (months or years), Option to Renew Y/N?, Enrollment Costs/Subscription Fees, Payment Terms, Rate Discount, Estimated Total One Year Payments, Early Termination or Cancellation Terms, and Subscription Portability or Transferability. The Subscriber Organization shall provide the form to a potential Subscriber and allow them to review the form's disclosures before entering into a Subscription Agreement.
- iii. Subscriber Organizations and APS will provide consumer protection materials on a program website and through printed materials.

B. Subscription Agreements

- i. Each Subscriber Organization shall develop and implement a written Subscriber Agreement containing the organization's terms and conditions for subscribing to the Community Solar Facility.
- ii. The Subscriber Agreement must include the following terms, at a minimum:

- a. General project information
- b. The effective date and term of the agreement
- c. Identification of all charges and fees
- d. Payment details
- e. Information about the Bill Credit mechanism
- f. A comparison of the Subscriber's net bill with and without the Subscription
- g. The terms and conditions of service
- h. The process for customer notification if the Community Solar Facility is out of service
- i. The customer protections provided
- j. Contact information for questions and complaints and
- k. The Subscriber Organization's commitment to notify the Subscriber of changes that could impact the Subscriber.

C. Disputes

- i. Complaints by Subscribers against Subscriber Organizations should first be submitted to the Subscriber Organization for resolution. If a dispute is not resolved, Subscribers should submit their complaint to APS for informal resolution, who shall work with the Subscriber Organization to resolve the issue. Subscribers who are unable to receive resolution through these venues can seek assistance from the Commission. APS may, in its discretion, refer serious issues to the Attorney General to pursue enforcement proceedings.
- ii. Subscriber Organizations, and APS after consolidated billing is established, must include clear contact info within monthly billing to receive and resolve consumer complaints, including contact info for the Subscriber Organization, APS, and the Commission.
- iii. Subscriber Organizations found by any means to have violated consumer protection standards may be subject, at a minimum, to a suspension or removal as a Subscriber Organization by APS.
- iv. Failure by APS to provide accurate and timely Bill Credits to Subscribers shall be treated as a failure to accurately bill those customers and shall face appropriate penalties from the Commission.